

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

MARTHA PROFFITT, individually
and on behalf of all others
similarly situated

Plaintiffs,

v.

AMERICAN MULTISPECIALTY GROUP,
INC., doing business as ESSE HEALTH

Defendants.

No.

JURY TRIAL DEMANDED

DECLARATION OF SEAN MCLAUGHLIN

I, Sean McLaughlin, hereby declare as follows:

1. I currently serve as Chairman of the Board of American Multispecialty Group, Inc. d/b/a Esse Health (“Esse Health”). I am aware of the April 2025 cybersecurity incident forming the basis for this lawsuit and have been personally involved with Esse Health’s investigation and response to the cybersecurity incident.

2. I base the statements in this declaration on my own personal knowledge and my investigation and review of corporate documents and information maintained in the ordinary course of business. If called to testify, I could testify competently to the facts asserted in this declaration.

3. Esse Health is a physician group that provides healthcare services and treatments to patients in and around the St. Louis Metropolitan area, including at offices in Missouri and Illinois. Esse Health’s principal place of business and headquarters are located at 12655 Olive Blvd., 4th Floor, St. Louis, MO 63141. Esse Health is incorporated in Missouri.

4. A significant portion of Esse Health’s current and former patients are insured through Medicare and have elected coverage under Medicare Part C – i.e., Medicare Advantage (“MA”).

5. Esse Health is a “first-tier” entity that contracts directly with multiple Medicare Advantage Organizations (“MAOs”) to provide Medicare benefits to patients who are eligible for Medicare and choose to receive healthcare services by enrolling in MA plans. These MAOs include Aetna Medicare, Blue Cross Blue Shield Medicare Advantage, Essence Healthcare, and UHC Medicare Advantage. Under these contracts, Esse Health is contractually delegated services that the MAOs are legally obligated to provide to administer Medicare benefits on behalf of the Centers for Medicare & Medicaid Services (“CMS”). Esse Health must perform these delegated responsibilities in accordance with the MAOs’ own complex regulatory and contractual obligations to CMS.

6. The responsibilities delegated to Esse Health by these MAOs include, but are not limited to, the following:

(a) Administering Payments. At least one of the contracts between Esse Health and an MAO delegates to Esse Health the responsibility to pay for primary care services provided to Esse Health members (i.e., instead of the MAO paying claims to health care providers for primary care services, the MAO delegates this obligation to Esse Health to pay).

(b) Assuming Risk. Some of Esse Health’s contracts with MAOs delegate the assumption of risk of the cost of patient care to Esse Health. For example, at least one MAO pays Esse Health a capitated payment per member and requires Esse Health to be responsible for the total cost of healthcare for those members – so Esse Health is “at risk” if the total cost of healthcare exceeds that capitated payment amount. Other MAO contracts set a target amount for the total cost of health care for Esse Health’s members with Esse Health being required to pay the MAO “losses” if its members’ total cost of healthcare exceeds the target. Being “at risk” for the total cost of healthcare for Medicare beneficiaries requires Esse Health to manage the healthcare of its MA plan members to minimize this risk.

(c) Performing Quality Improvement Functions. Several of Esse Health's contracts with MAOs require Esse Health to perform quality improvement functions – i.e., to take affirmative steps to improve the quality of healthcare provided to MA plan members.

7. In order for Esse Health to perform its delegated responsibilities with respect to Medicare beneficiaries, Esse Health collects, analyzes, and stores various information relating to its MA plan members and their healthcare. For example, as part of its management of risk and quality improvement function, Esse Health collects, analyzes, and stores certain financial and clinical data relating to the various types of healthcare services provided to its MA plan members. The information that Esse Health collects, analyzes, and stores to perform its delegated responsibilities includes some of the private information that Plaintiff alleges was compromised as a result of the cybersecurity incident.

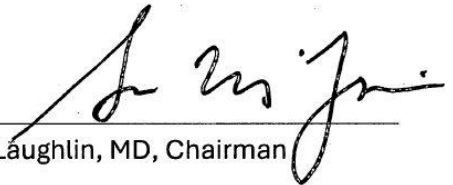
8. Esse Health's investigation of the cybersecurity incident is ongoing. Esse Health is currently in the process of providing formal notice of the cybersecurity incident to individuals whose personal information may have been impacted by the cybersecurity incident and therefore are likely part of the putative class as defined in the Class Action Complaint, including current and former (a) patients, and (b) employees and their dependents.

9. At this time, Esse Health estimates that it will send at least 250,000 notices to individuals whose private information may have been impacted by the cybersecurity incident and therefore likely are part of the putative class as defined in the Class Action Complaint.

10. Many of the notices being sent by Esse Health are addressed to individuals who are located in states other than Missouri and who Esse Health reasonably believes are citizens of states other than Missouri. For example, Esse Health is sending notice to at least 243 current and former employees and their dependents who are located in Illinois and who Esse Health reasonably believes are citizens of Illinois. In addition, Esse Health is sending notice to patients in multiple states other than Missouri including, but not limited to, Alabama, Illinois, Ohio, North Carolina, and Wisconsin.

11. A significant portion of the notices being sent by Esse Health are addressed to current or former patients who are insured through Medicare and have elected coverage under MA plans.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.



Sean McLaughlin, MD, Chairman

Dated: June 18, 2025

St. Louis, Missouri